PART IV

Section 1-A

CENTRAL BILLS AND REPORTS OF THE SELECT COMMITTEES THEREON

NOTIFICATION.

(LAW DEPARTMENT).

No. LAW 32 LCA 65, Bangalore, dated 8th April 1965.

Ordered that the Insurance (Amendment) Bill, 1965 (Central Bill 7 of 1965), which has been published in the *Gazette of India*, Extraordinary, Part II, Section 2, dated the 2nd March 19' 5, be republished in the *Mysore Gazette*, for general information.

By Order and in the name of the Governor of Mysore,

H. K. ANANTHASUBBA RAO,
Under Secy. to Govt., L. D.

LOK SABHA

The following Bill was introduced in Lok Sabha on the 2nd March, 1965:—

BILL No. 7 OF 1965

A Bill further to amend the Insurance Act, 1938.

BE it enacted by Parliament in the Sixteenth Year of the Republic of India as follows:—

1. Short title.—This Act may be called the Insurance (Amendment) Act, 1965.

2. Amendment of section 3.—In section 3 of the Insurance Act, 1938 (4 of 1938), (hereinafter referred to as the principal Act),—

(i) after sub-section (2), the following sub-sections shall be inserted, namely :—

"(*2A*) If, on receipt of an application for registration and after making such inquiry as he deems fit, the Controller is satisfied that—

(*a*) the financial condition and the general character of management of the applicant are sound;

(*b*) the volume of business likely to be available to, and the capital structure and earning prospects of, the applicant will be adequate ;

(*c*) the interests of the general public will be served if the certificate of registration is granted to the applicant in respect of the class or classes of insurance business specified in the application; and

(*d*) the applicant has complied with the provisions of sections 2C, 5, 31A and 32 and has fulfilled all the requirements of this section applicable to him,

the Controller may register the applicant as an insurer and grant him a certificate of registration.

(*2B*) Where the Controller refuses registration, he shall record the reasons for such decision and shall furnish a copy thereof to the applicant.

(*2C*) Any person aggrieved by the decision of the Controller refusing registration may, within thirty days from the date on which a copy of the decision is received by him, appeal to the Central Government.

(*2D*) The decision of the Central Government on such appeal shall be final and shall not be questioned before any court.";

(ii) in sub-section (3), for the words "In the case of any insurer having his principal place of business or domicile outside India", the following shall be substituted, namely :—

"Notwithstanding anything contained in sub-section (*2A*), in the case of any insurer having his principal place of business or domicile outside India" ;

(iii) sub-section (*6*) shall be omitted.

3. Amendment of section 110.—In section 110 of the principal Act, in clause (*a*) of sub-section (1), the words "refusing to register, or" shall be omitted.

STATEMENT OF OBJECTS AND REASONS

In terms of sub-section (6) of section 3 of the Insurance Act, 1938, it is mandatory on the part of the Controller of Insurance to grant a certificate of registration to an applicant if the requirements as to registration under the Act complied with. It is not, however, a requirement that the Controller should satisfy himself about the financial condition and the general character of management of the applicant so that the interests of the policy holders are adequately safeguarded. The Government consider that such a requirement is necessary and that the entry of new insurers should be related to the volume of business available so that uneconomic units which may act as a drag on the insurance industry are not allowed to grow. The Bill is intended mainly to give effect to these objects.

NEW DELHI;
The 19th February, 1965.

T. T. KRISHNAMACHARI.

S. L. SHAKDHER,
Secretary.